

insurance industry, including mutual companies. But it has been extremely burdensome because of its unpredictable nature and complexity. The tax is based on a bizarre formula under which the tax of each mutual life insurer increases if the earnings of its large stock company competitors rise—even when a mutual company's earnings fall. The provision has been criticized by the Treasury Department and others as fundamentally flawed in concept. The original rationale behind the enactment of Section 809 no longer exists, and mutual life insurers should not pay taxes based on the earnings of their competitors or solely because they exist in the mutual form. Accordingly, the bill would repeal Section 809.

Section 815 was added to the Code as part of the 1959 changes to the life insurance companies tax structure. Before 1959, life insurance companies were taxed only on their investment income. Underwriting (premium) income was not taxed, and underwriting expenses were not deductible. The change in 1959 provided that all life insurance companies paid tax on investment income not set aside for policyholders and on one-half of their underwriting income. The other half of underwriting income for stock companies was not taxed unless it was distributed to shareholders. The amount of that income was called a "policyholders surplus account" or "PSA". No money was set aside; a PSA was and is just a bookkeeping entry. Mutual companies were not required to establish PSAs. The 1959 tax structure sought to tax the proper amount of income of stock and mutual companies alike and the PSA mechanism helped implement that goal.

In 1984, Congress rewrote the rules again. Both stock and mutual companies were subjected to tax on all their investment and underwriting income. In this context, dividend deductions for mutuals were limited under Section 809, and the tax exclusion for a portion of stock company's underwriting income was discontinued. Congress made a decision not to tax the amount excluded between 1959 and 1984. Rather the amounts are only taxed if one of the specific events described in the current Section 815 occurs (principally dissolution of the company).

The bill would repeal the obsolete Section 815 provision. Since 1984, the Government has collected relative small amounts of revenue with respect to PSAs as companies avoid the specific events which trigger PSAs taxation. There is not a "fund," "reserve," "provision" or "allocation" on a life insurance company's books to pay PSA taxes because, under generally accepted accounting principles, neither the government nor taxpayers have ever believed that significant amounts of tax would be triggered. Nevertheless, the continued existence of the PSAs does result in a burden on the companies in today's changing financial services would—a burden based on bookkeeping entries made from fifteen to forty years ago to comply with Congress' then vision of how segments of the life insurance industry should be taxed. In addition, the Administration has made recent proposals to require that PSA balances be taxed, even though no triggering event has taken place—thus another cloud of uncertainty.

The repeal of these two provisions, Sections 809 and 815, would provide certainty, less

complexity, and remove two provisions from the Internal Revenue Code, which no longer serve a valid tax policy goal in the life insurance tax structure of the Internal Revenue Code. We urge our colleagues to join us in co-sponsoring this legislation

TRIBUTE TO U.S. ATTORNEY
GENERAL EDWARD LEVI

HON. RAY LAHOOD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 13, 2000

Mr. LAHOOD. Mr. Speaker, on behalf of myself and my colleague, ROBERT MATSUI, I would like to pay tribute today to the life of former U.S. Attorney General Edward Levi. It is with great sorrow that I acknowledge his passing, but it is with great privilege and honor that I speak about him today.

U.S. Supreme Court Justice John Paul Stevens recently said of Mr. Levi, "Wisdom, wit, a quiet grace and tireless willingness to strive for excellence have seldom been combined in such measure in one individual." I could not have summed up a man who has meant so much, to so many, better myself.

Author, professor, devoted father, and husband, Edward Levi is remembered by most as the U.S. Attorney General who helped to rebuild the Justice Department after Watergate and the resignation of President Richard Nixon. But, moreover, he was a man who accomplished more in his lifetime than most people dream of.

Starting out during World War II as a special assistant in the U.S. Attorney General's office, Mr. Levi returned to his alma mater of the University of Chicago in 1945 to assume a professorship in their distinguished school of law. While at the university, Mr. Levi quickly rose through the ranks becoming the Dean of the Law School in 1950, provost in 1962, and president of the distinguished university in 1968, a position he held until 1975. He was the first member of the Jewish community to serve as a leader of a major U.S. university.

In 1975, Mr. Levi was praised for his even-handed response to the student uprising that culminated in the takeover of the school's administration building. His unique sense and display of leadership surrounding this incident did not go unnoticed. He was quickly appointed to the position of U.S. Attorney General, a post he served from 1975–1977. Former President Ford, said, "Ed Levi, with his outstanding academic and administrative record at the University of Chicago, was a perfect choice. * * * When I assumed the Presidency in August 1974, it was essential that a new attorney general be appointed who would restore integrity and competence to the Department of Justice." Mr. Levi did just that.

Mr. Speaker, words certainly cannot do justice to the life of this fine individual. He was an exemplary individual, and it goes unsaid that his unmatched leadership will be missed. I want to express my condolences to the Levi family, particularly his wife Kate, sons John, David, and Michael, and brother Harry. Let us not forget his impressive accomplishments, but above all, let us never forget the

kind-hearted man behind the distinguished titles.

IN MEMORY OF RODNEY D.
HANSON

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 13, 2000

Mr. NEY. Mr. Speaker, I rise today in memory of Rodney D. Hanson, who passed away on February 22, 2000. Rodney was born on June 24, 1945, the son of Harry R. and Doris A. Hanson.

Rodney was a graduate of Hamline University in St. Paul, MN, and later received a masters of arts degree in English from Ohio University. He received his juris doctorate degree from the Ohio State University College of Law. Rodney was a partner in the law firm of Thomas, Fregata, Myser, Hanson and Davis. Rodney also worked hard to serve the community. He was a member of St. Mary's Church in St. Clairsville, where he served as a lector. He was also a member of the Knights of Columbus and the St. Clairsville Sunrise Rotary Club. Rodney served as a trustee and president of the board of the Belmont-Harrison Juvenile District. He further served the public as a member and past president of the Belmont County Bar Association and a member of the Ohio State Bar Association in which he was a member of the School Law and Law Library Committees.

Mr. Speaker, it is a privilege for me to pay my last respects to a gentleman who gave so much of himself to his community, his church, and his family. Rodney will be missed by all whose lives he touched. I am honored to have represented him and proud to have been able to call him a friend.

PERSONAL EXPLANATION

HON. BILL MCCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 13, 2000

Mr. MCCOLLUM. Mr. Speaker, on March 9, 2000, I was unavoidably detained and missed rollcall votes. Had I been present, I would have voted "yes" on rollcall vote No. 39 on H. Res. 434, which provided for the consideration of H.R. 3081 and H.R. 3846; "no" on rollcall vote No. 40, on motion to recommit H.R. 3081 with instruction; "yes" on rollcall vote No. 41, passage of H.R. 3081 the Wage and Employment Growth Act; "no" on rollcall vote No. 43 on agreeing to the Trafficant amendment which would provide for the increase in the minimum wage to occur over a 2-year period instead of a 3-year period; "no" on rollcall vote No. 44 on motion to recommit H.R. 3846 with instructions; "no" on rollcall vote No. 45 on final passage of H.R. 3846 which amended the Fair Labor Standards Act of 1938 and increased the minimum wage.